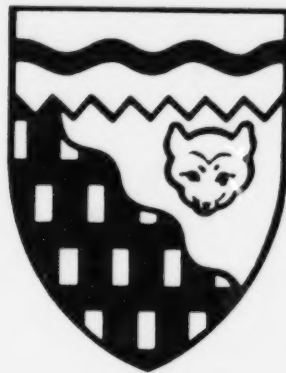


NORTHWEST
TERRITORIES 1987~88
BUDGET ADDRESS



87-03108/

1987-1988 Budget Address



**Presented by the Honourable Tom Butters
Minister of Finance
at the Ninth Session of the Tenth Legislative Assembly
February, 1987**

NORTHWEST TERRITORIES



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INTRODUCTION

MR. SPEAKER:

The Budget I am presenting to the Legislative Assembly today will sustain the economy across the Northwest Territories during the current slowdown in economic activity. This Budget reflects the Executive Council's commitment to a pro-active approach to the economic development of the north and the current problems faced by some of our industries and regions. It also continues the implementation of the social policy objectives adopted by the Members of the Legislative Assembly over the past three years. It is a plan to respond to pressing social and economic needs within the limits imposed by the government's fiscal capacity.

This Budget contains important expenditure measures that demonstrate your Executive Council's desire to address crucial issues. Considerable progress must be made before all northerners can enjoy public services comparable to those that residents of southern Canada take for granted. We must enhance essential people services such as education, health care and recreational facilities. We must devote resources to help extend and strengthen our goal of equal employment opportunities for persons of both sexes and of all ethnic origins. We must extend and strengthen our social support system to help alleviate social problems that result in recourse to the judicial system or the breakdown of the family unit.

Our economy has weakened considerably over the past two years. The continued depressed state of base metal markets, the fall in world oil prices and the completion of construction of the Norman Wells pipeline have combined to cause a major fall in overall private sector investment activity. The demise of the seal skin markets has also dramatically affected the traditional economic base of some of our communities. The closure of the Cullaton gold mine in 1985 and of the Canada Tungsten mine in 1986 has weakened mining employment. The capital budget I am proposing today will help sustain economic activity and employment during the current downturn through fast-tracking of our capital projects. It will also improve our infrastructure and enhance our economic development opportunities as international commodity markets recover.

Our government recognizes the need for a sound financial position. Our record of prudent fiscal management will result in an estimated accumulated surplus of approximately \$50 million as of March 31 of this year. Our government's past fiscal integrity is allowing me to present

today a Budget which draws down our surplus in order to increase our expenditures and mitigate the economic downturn, without increasing taxes.

Mr. Speaker, your Executive Council recognizes its duty to exercise restraint over expenditures and to use our accumulated surplus wisely. However, it believes that the current economic situation calls for decisive action to stimulate the economy through government expenditures. During the years of robust economic performance and growth in government revenues, our government successfully maintained a roughly balanced budget. By doing so, we did not jeopardize our ability to react to future needs.

After careful analysis of the economy's performance and of its near-term prospects, the Executive Council decided that now is the time to make use of our financial room to manoeuvre and shore up the economy. The Budget I am proposing today therefore contains expenditure increases of 11% over 1986-87 revised forecast levels while revenues will register only a 4.7% increase.

ECONOMIC SITUATION AND OUTLOOK

THE EXTERNAL ENVIRONMENT

International Factors

Internationally, 1986 rates of real economic growth in major industrialized countries were in the 2% to 3% range. These positive — albeit sluggish — economic performances mask major structural and policy problems which have plagued the world economy during the last few years. These problems are having significant unfavourable impacts on the economy of the Northwest Territories and especially on the development of our non-renewable resources. Continuing high real interest rates have held back expansion in our capital-intensive resource sectors. Higher production of non-precious metals by less developed countries postpones recovery in our mining sector. Lower and uncertain oil prices have led to rapid cutbacks in oil and gas exploration and development. To these factors were added intensive competition among commodity producing countries and an alarming increase in protectionist measures. The consequence was serious harm to all regions of the world which have a heavy economic dependence on the primary sector.

On the positive side, some international developments over the past year bode well for the economy of the Northwest Territories. Currency

realignments have significantly enhanced the profitability and competitiveness of Northwest Territories mining companies which compete with overseas producers. Cooperation among major industrialized countries has reduced the exchange rate of the US dollar vis-a-vis most major currencies, with the notable exception of the Canadian dollar. As a result, by year-end our currency was about 35% below its early 1985 peak vis-a-vis major overseas currencies. The rapid decline in the US dollar over the last few weeks has not reversed this trend.

The Canadian Economy

In Canada, economic performance weakened in 1986: real economic growth is estimated to have been slightly below 3%, the slowest advance since the 1981-82 recession. This slowdown can largely be attributed to the fall in energy prices which resulted in a deterioration in Canada's merchandise surplus and a sharp curtailment in investment by energy producers and their suppliers. Despite sustained export volumes, lower oil and gas prices reduced the total value of exports by an estimated \$3¾ billion. In the wake of falling energy prices, the oil and gas industry rapidly reduced its investment expenditures, thereby depressing total Canadian investment. In 1986, total investment is estimated to have experienced no real growth.

Although the Canadian economy expanded in 1986, growth was narrowly based and very uneven among industries and across regions. Weak markets for grains, fish, metals and energy have depressed our primary industries. The resulting pronounced and extended disparity in regional economic performance is one of the most troubling features of our country's economic situation and outlook. This clearly poses a major challenge to economic policy in Canada. No effort must be spared to intensify cooperation between the two orders of government to design policies which will ensure more equal distribution of economic well-being. The erosion of the economic base of commodity producing regions such as the Northwest Territories cannot continue without seriously impairing the long-term economic viability of these regions.

Canada's overall employment situation improved last year. Total employment increased by 320,000 and the unemployment rate edged down from 10.5% in 1985 to 9.6% in 1986, its lowest level since 1981. However, unemployment remains unacceptably high in most parts of Canada. As for inflation, the 1986 increase in the Consumer Price Index was virtually unchanged from 1985.

This year, Canada may experience a further slowdown in overall economic activity. The oil and gas, mining and agricultural sectors are predicted to have another year of below-average growth and the

suppliers of services to these industries will have a second year of huge decline in activity. In many parts of the country, including the Northwest Territories, the existence of the economic sector which supplies services to mining and oil companies is threatened. It is incumbent on all orders of government to implement forceful policies to maintain activity in this sector. Failure to do so will result in the loss of irreplaceable expertise that took decades to build and which is vital to a future strong recovery in the mining and oil and gas sectors.

THE ECONOMY OF THE NORTHWEST TERRITORIES

Mr. Speaker, the performance of the economy of the Northwest Territories deteriorated significantly in 1986. Some regions are currently experiencing a full-fledged economic recession and face a bleak future in 1987. The cause of our economic problems can be traced to poor international markets for some of our key mineral resources and the dramatic fall in oil and gas prices. There is nothing we can do to shield ourselves from international forces: as an export-based economy we are vitally affected by international and national market developments and the policy decisions of competing countries all over the world.

Oil and Gas

The major development in our economy during 1986 was the fall in international oil prices. By the summer of 1986, the price of oil had fallen as much as 65% from its December 1985 level. Prices firmed by year-end as the result of the agreement reached by OPEC members but were still about 35% below December 1985 levels. This dealt a serious blow to the economy of the Northwest Territories. Companies had already been revising their exploration operations in high cost areas such as the north in view of the elimination by the federal government of the Petroleum Incentive Program. The lower and more uncertain oil prices led them to curtail or cancel most of their exploration and development plans. Even development of proven reserves such as those of the Amauligak and Bent Horn fields have been significantly scaled down. Overall industry activity has been drastically reduced and several hundred direct and indirect jobs have been lost. Suppliers of services to the oil and gas industry have lost a large share of their business and many may have to cease operating this year.

In 1985, the federal government introduced new frontier energy policies to mitigate the impact of the termination of the Petroleum Incentive Program on frontier oil and gas activity. They included a royalty regime which maintained royalties at a very low level until investment payout, an exploration tax credit for high cost wells, an investment royalty tax credit for lower cost wells and a simplification of the regulatory

framework. These policies might have been successful in sustaining northern activity had it not been for the subsequent fall in oil prices. However, circumstances are now completely different and require either redesigning the 1985 frontier energy package or introducing special temporary measures to help the industry through the current difficult times. It is estimated that investment in oil and gas fell by 40% to 50% in 1985 and by a further 30% to 40% in 1986. In the absence of strong oil price increases, investment is expected to continue falling this year unless the industry receives rapid and substantial investment incentives.

Mr. Speaker, the state of our oil and gas sector is not only an issue of concern to northerners; it is a national issue which could jeopardize the achievement of long-standing national policies. Our oil and gas industry has put in place an infrastructure and has developed technologies which are at the leading edge of worldwide northern energy exploration and development. Our proven and potential reserves have an essential role to play in Canada's quest for long-term energy self-sufficiency. The presence of vibrant oil and gas and mining industries in the north can bolster Canada's legitimate claim to sovereignty over the Arctic.

Mining

Our metal mining is vital to the maintenance of overall economic activity. It is the largest creator of private sector jobs and accounts for approximately 15% of total employment. The industry is the Territories' oldest non-traditional source of economic activity and spear-headed the development of the north.

Non-precious metal prices have been depressed for most of the decade and the toll is being increasingly felt on mining activity, investment and jobs. Lead prices are about 30% and tungsten prices 75% below their respective 1981 levels. Zinc prices have only recently caught up to the average increase in industrial prices. New mines are not opening and exploration activity is down. Total value of non-precious metal production fell by over 10% in 1985 and is estimated to have only recovered its lost ground in 1986. However, the 1986 firming in lead and especially in zinc prices is an encouraging sign. If this trend continues, we could see greater interest in development of new ore deposits, but this is unlikely to occur in the near term.

The most visible impact of the weak non-precious metal mining sector is on employment. Over 400 mining jobs were lost last year, most of them in non-precious metal mines. With the announcement of the closure of the Pine Point and Salmita mines this year, the employment situation will worsen.

Gold mining, which accounts for about 30% of total metal mining production, enjoyed significant price improvements last year. If sustained, these higher prices should help extend the productive life of our older gold mines, stimulate exploration and could lead to new deposits being brought into production over the next few years. However, the fall in exploration expenditures by mining companies does not bode well for expansion in this sector.

Trapping and Fishing

Trapping and fishing, our two traditional primary industries, remained stable last year, but at depressed levels. The international anti-fur lobby has virtually eliminated markets for seal pelts. Many communities are now deprived of what used to be their major source of cash income. A short-term reversal of this situation cannot be expected in view of the anti-fur groups' demonstrated disregard for the hardship that their narrow and ill-conceived views are causing to northern native populations. Stronger demand for other varieties of fur pelts has increased prices and resulted in higher value of trapping production in the Mackenzie and Liard Valleys.

Services

Our service sector performed well last year despite some serious setbacks in certain regions. Total service sector employment, which includes all employment outside the primary, manufacturing and construction sectors, increased by 3%. The improvement was mainly centered in education, health and the hospitality industry. Some of the major expenditure initiatives contained in today's Budget will provide a significant boost to our service sector this year and should partly compensate for the depressing effect of poor conditions in mining and oil and gas.

Overall Performance

After adjustment for inflation, overall economic performance was very poor last year. Real Gross Territorial Domestic Product, the broadest measure of the value of production in the Northwest Territories, is estimated to have declined by 12% to 15% in 1986. Consumer confidence weakened as a result of reduced earnings and employment growth: total 1986 consumer expenditure growth is estimated at 3.5% which, after adjustment for inflation, translates into a decline of over 1%, compared to the Canadian increase of 4%.

Investment expenditure was the weakest component with a total estimated decline of approximately 35% from its 1985 level. This represents a reduction of \$500 million in investment which is almost

entirely accounted for by falling mining and energy-related investment. Despite the fact that a very substantial proportion of the benefits from these investments leaks outside of the Territories such a massive reduction is sufficient to cause an economic downturn.

As for exports and imports, indicators of primary sector activity last year suggest that gross exports were reduced. This reduction should be more than compensated for by lower imports and result in a less negative balance of trade. Current government expenditures on goods and services grew by 5% to 6% last year, after adjustment for inflation. Given their relatively low import content they were the largest significant source of economic growth.

Last year's overall poor economic performance was reflected in employment and wages. Best available estimates show that total employment did not grow. Average weekly earnings increased by 1% to 2% and therefore did not even keep pace with inflation. Consumers consequently had to reduce their saving or increase their debt to fund the 3.5% increase in their expenditure.

Economic Outlook

Mr. Speaker, as I now turn to our 1987 economic outlook, I would like to paint a more rosy picture of what lies ahead. Fortunately, there are a few bright spots. Investment will remain our main problem area but some investment will continue. Offshore, Gulf proposes to drill two delineation wells at its Amauligak field in preparation for seasonal production next year. Onshore, some investment activity should take place in the Mackenzie Valley. Overall investment levels will nonetheless remain depressed. Trapping should benefit from continued strong markets. Gold prices are firm and will have a favourable impact on gold mining's output and profitability. Tourism should benefit from our presence at Expo '86. However, my view is that in the absence of stimulus from government expenditures we could experience another decline in economic activity and employment could fall to unacceptably low levels.

This poor economic outlook should, however, be viewed as a temporary setback. In the longer-term, the Northwest Territories remains a land of opportunity. We are exploring the potential of our fishery and other renewable resource products. Our vast mineral and energy resources have barely begun to be exploited. Our young and dynamic population is ready to seize the economic development opportunities that will return as international markets improve. Northerners will face the current difficult economic environment and redeploy their energies in anticipation of a return of economic growth. The fiscal strategy which

I will now present will help us turn the corner and improve our economic development potential.

1987-88 FISCAL STRATEGY

Mr. Speaker, the Executive Council considered a number of options in establishing the 1987-88 fiscal strategy and concluded that four key objectives should underlie our expenditure and revenue decisions this year:

- Support the economy across the Northwest Territories in the current downturn by implementing an expenditure program that will provide maximum short-term stimulus to the economy;
- Continue to improve essential people services and enhance the quality of life by promoting equal employment opportunities for all northern residents and by developing social programs that recognize the unique cultural realities of the north;
- Direct expenditures to the continued development of our capital infrastructure to provide long-term business and employment opportunities and strengthen regional economies;
- Ensure comparable treatment of regions in expenditure decisions while recognizing the greater needs of certain areas and communities.

Stimulus to the Economy

Government fiscal policy alone is not sufficient to guarantee long-term investment and jobs but it has an important role to play in sustaining our economy in these difficult times. This Budget will help stimulate the economy through a growth in total expenditure of \$78 million. Based on 1984 data, direct expenditures by the territorial government, local governments, school boards and hospitals account for approximately 17% of the total value of expenditures made annually in the Northwest Territories. They directly generate about 25% of total employment. As a result, our expenditure decisions have a major impact on overall activity.

To maximize the short-term beneficial economic impact, we have emphasized expenditures on those programs which have a high employment content and which incorporate a high proportion of goods and services supplied by Northwest Territories businesses. For instance, the capital budget of the Department of Municipal and Community Affairs has been increased by \$11 million. This will be expended on municipal

infrastructure, which has both a high employment and local content. The \$20 million increase in the Department of Education's capital budget will stimulate demand for the Northwest Territories' construction industry. The 10% increase in our total operations and maintenance budget will also have immediate stimulative impact on employment and local businesses since it is predominantly composed of wages and locally purchased goods and services.

Improving Essential People Services and Employment Opportunities

Improvement of essential people services such as health care, education, recreational facilities and social services continues to be a priority of the government. The completion of the new Stanton Yellowknife Hospital and the \$85 million budget for health care will increase our capacity to provide high quality health services in the north. Education is also a high priority: 23% of the capital budget and 19% of the operations and maintenance budget are allocated to the direct provision of education and training. These percentages are significantly higher when indirect education costs incurred by other departments, such as the Department of Public Works and Highways, are taken into account. These expenditures will improve the future employment opportunities of our youth.

Close to \$22 million is committed to community recreational facilities. Needs for better social services, especially in smaller communities, are being addressed. Examples include more community social workers, decentralization of some administrative and management positions and the introduction of a program to promote reduction of family violence. A major increase in social assistance food rates and scales will increase social assistance payments by more than \$6 million.

Infrastructure Development

Mr. Speaker, the development of our infrastructure will further enhance our long-term employment opportunities. The Department of Public Works and Highways will control approximately \$230 million in 1987-88 for expenditures on government buildings, schools, municipal water and sewage systems, highways and ferries. An estimated 80% of this funding will be spent in the north through the use of local suppliers. This will strengthen our local business sector and provide immediate employment opportunities for northerners. The Northwest Territories Housing Corporation will be introducing separate supply and erect contracts on a Territories-wide basis. It should result in a greater proportion of the money spent on housing remaining in the north and should foster the development of northern businesses and increase local employment.

School construction will be doubled. Expansion and upgrading of educational facilities and student residences, notably in Inuvik and Rankin Inlet, and the major expansion of Arctic College will help increase the range of programs offered in the north and meet the need created by higher enrollments.

Comparable and Flexible Treatment of all Regions

The Budget pursues the dual objective of allocating expenditures among regions in an equitable way while recognizing the temporary special needs of some regions and the basic deficiencies in the infrastructure of certain other regions and communities.

Mr. Speaker, the Executive Council weighed these objectives carefully and it believes that it has successfully achieved a comparable and flexible distribution of capital expenditures. For example, the Baffin region has been allocated a \$9 million, or 45%, increase in capital expenditures to meet smaller communities' pressing need for upgraded basic facilities such as water and sewage systems and to establish a secondary educational facility in that part of the Territories. As another example, the Inuvik region was allocated an increase in capital expenditures of over \$6 million above the level proposed in last year's capital plan. This will help mitigate the severe impacts of falling economic activity that the region is experiencing.

FISCAL POSITION

Mr. Speaker, let me now turn to this government's fiscal position. We entered the 1986-87 fiscal year with an accumulated surplus of over \$60 million. This surplus reflected recognition by this and previous governments of the need to prudently manage public funds and have reserve funds to face future exceptional expenditure needs. In my last Budget, I indicated that the Executive Council had made the decision to utilize during the year a portion of this accumulated surplus. This was done to provide needed facilities and services for the residents of the Northwest Territories and to partly redress the economic situation which was starting to deteriorate. The 1986-87 Budget projected a \$15.8 million deficit and my current estimate supports this original projection. However, the final deficit level will reflect additional expenditures resulting from supplementary 1986-87 estimates as well as changes in revenues which may occur prior to March 31.

The Main Estimates' revised forecast of revenues and expenditures for 1986-87 differs somewhat from the 1986-87 Main Estimates amounts.

Revenues are now expected to be approximately \$20 million higher than originally anticipated and expenditures approximately \$30 million higher.

On the revenue side, the increase is largely due to a favourable \$7.7 million adjustment to the federal grant received under the Formula Financing Agreement, to the \$4.6 million base funding adjustments related to the Baffin Health Services transfer and to significantly higher increased capital recoveries due to the Stanton Yellowknife Hospital being ahead of schedule. Our taxation revenues are also higher than originally expected.

On the expenditure side, the increases are largely explained by some of the same factors. Faster progress on building the Stanton Yellowknife Hospital accounts for \$5.2 million of the increased expenditures, and the Baffin Health Services transfer explains a further \$4.6 million. Another major supplementary expenditure came from the need to comply with provisions of the Young Offenders Act for which we incurred expenditures of over \$6 million. Negotiations with the federal government to determine the amount of base funding to compensate for the costs of implementing this federal legislation have made significant progress but no funds have yet been received. Other supplementary funds were allocated for the Affirmative Action Program, for rate and volume increases for Financial Assistance, for renovations to the Yellowknife Correctional Centre, for the Tuktoyaktuk shoreline erosion project and for Expo '86.

Our fiscal position at the end of 1986-87 will, therefore, be very healthy. The Main Estimates forecast an accumulated surplus of \$50 million. Taking into account supplementary estimates that the Assembly may approve for the current year and appropriation lapses, I expect that our 1986-87 budgetary deficit will be about \$15 million and that our accumulated surplus will in fact be approximately \$42 million. This accumulated surplus will provide a significant source of financing for our 1987-88 expenditure increases.

BUDGETARY EXPENDITURES

Mr. Speaker, total 1987-88 expenditures will be \$790 million, an increase of \$78 million, or 11%, over the expected 1986-87 level.

EDUCATION

The importance of education to the well-being of the population and

to the economic development of the north is reflected in the significant budgetary resources we have allocated to it.

Capital expenditures for education will grow by \$20 million to close to \$38 million. This includes a doubling of school construction, continuing renovations to the Grollier Hall student residence in Inuvik, the addition of sixty-eight beds to the Kivalliq Hall student residence in Rankin Inlet and the construction of college facilities for the Iqaluit Campus of Arctic College. These major expansions in capital expenditures are needed to meet the ongoing requirement to provide school and student residence facilities to meet expanding programs, increasing enrollments and the replacement of older, inadequate buildings.

Operating expenditures for education will grow by over \$11 million to \$118 million. The two largest funding initiatives are a \$1.7 million, 25 person-year boost to the Special Needs Education Program and a \$1.6 million, 16 person-year rise in the Arctic College budget of which close to \$1 million will be spent at the new Inuvik Campus. Other major funding increases are in the areas of training in support of affirmative action, divisional board development and residence programs. Substantial increases in native language education, adult education, English as a second language, employment programs and student loans are also part of the education budget.

Overall, a total of \$156 million will be spent directly on the delivery of education and the expansion of educational facilities. These expenditures must be viewed as one of the most important investments of this government: an investment in our youth and in our future.

SOCIAL SERVICES

The Department of Social Services continues to strengthen community service delivery and expand community involvement. During the coming year, the community corrections program will be further decentralized and enhanced by placing specialist support positions in each region. This initiative is intended to provide the Courts with alternatives to incarceration in all regions.

Family Violence Prevention Programs which were established as a new departmental activity in the 1986-87 budget will continue to fund community-based programs in 1987-88.

In recognition of the difficult circumstances faced by many northerners, the Department implemented increases to social assistance scales and food rates in 1986-87. A second increase is proposed for April 1, 1987. This would bring allowances more in line with northern food costs.

When combined with projected volume growth due to the economic downturn, these increases will push up social assistance expenditures by \$3.5 million over 1986-87 revised Estimates.

Increased costs in Family and Children's Services are related to changes in foster care per diems and clothing allowances which were effective January 1, 1987 and an increase in volume associated with children requiring specialized institutional services in the south.

The Alcohol and Drug Program has been enhanced to provide additional funds to community organizations and includes an additional \$200,000 specifically for youth programs.

A new thrust for the Alcohol and Drug Program will provide capital funds to enable groups utilizing older buildings to undertake minor renovations to meet fire and safety standards.

Major capital spending will be directed to completing the renovations at the Yellowknife Correctional Centre and constructing facilities for senior citizens and handicapped adults.

HEALTH

Today's Budget includes close to \$92 million in expenditures for the Department of Health, indisputable evidence of our government's commitment to the provision of essential people services.

1986-87 saw the successful transfer from the federal to our government of the management responsibility for public health services and facilities in the Baffin region. This results in a base transfer of funds to our government during the current and next fiscal years of over \$5.5 million, and partly explains the large \$14 million increase in the budget of the Department of Health. Negotiations will continue with the federal government and the various native organizations for transfer of management responsibility for the balance of health services in the Northwest Territories. Full transfer, however, may not occur before the end of the 1987-88 fiscal year.

Construction of the Stanton Yellowknife Hospital is progressing rapidly and should be completed by the end of this year. At a total cost of approximately \$42 million, cost-shared on a ratio of 65% and 35% by our government and the federal government, this is the largest single construction project currently underway. The new hospital will almost double current Yellowknife bed capacity and will widen the range of diagnostic and surgical services. It should significantly reduce the number of referrals to southern hospitals with a consequent reduction in current out-of-territory hospital and transportation costs.

JUSTICE

As Members are aware, the Department of Justice received supplementary funding in 1986-87 to reorganize the department, revise and consolidate the Northwest Territories statutes, establish a judge and court registry in the Baffin region and automate legal registries. The effects of these initiatives will greatly improve services to the public in the coming year. In addition, action has been taken to initiate law reform through the establishment of a law reform committee, an initiative which has been requested by the Legislative Assembly for several years.

During the next fiscal year, the Department of Justice intends to continue improving representation at the regional level. With a judge and staff residing in Iqaluit, the Baffin region will be better served by court services. In the Public Service sector of the Department, another safety division position will be created in Inuvik and in the Baffin region. Additional resources are included in this year's Budget for mining inspection services to improve training of inspectors and encourage native involvement in the programs offered in that area.

MUNICIPAL AND COMMUNITY AFFAIRS

The Government of the Northwest Territories continues in this Budget to recognize the importance of sound local governments. Through the Department of Municipal and Community Affairs, the government intends to re-emphasize its responsibility to give access to basic municipal facilities and services to all northerners. In this Budget, over \$38 million is being contributed as direct assistance for municipal operations and maintenance. As well, nearly \$25 million will be directed specifically toward establishing basic community recreation facilities.

The need for continued emphasis on municipal water and sanitation systems and roads has not been overlooked. Provision has been made for over \$3.6 million through the Department of Municipal and Community Affairs to assist in the acquisition of municipal buildings other than those used for recreation and of equipment and works, and just over \$4 million for developing land for housing lots in communities.

The government recognizes that the economic outlook for the north will require that spending on "the running of government" must be done with the utmost efficiency. To this end, the government is assisting all interested municipalities to obtain state-of-the-art administrative systems, and is providing full scale training to those municipal and community governments that will use them.

HOUSING

Earlier initiatives for improved housing services through the Northwest Territories Housing Corporation are reflected in programs to be delivered in the 1987-88 fiscal year. Over the last few years, the government has been able to allocate funds for increased housing delivery with the full support of the Legislative Assembly. In addition, significant resources have been allocated to Housing Associations to address issues related to the provision of housing. I am pleased to advise that the Budget provides continued support for these important initiatives.

During 1986, the Housing Corporation was successful in negotiating an agreement with Canada Mortgage and Housing Corporation for federal participation in the popular Homeownership Assistance Program (HAP). As a result, the number of new home packages delivered to private owners and builders has almost doubled. The support provided for HAP under the agreement is reflected in the 1987-88 Budget.

The NWT Housing Corporation's 1987-88 capital program was developed with significant community input. In virtually all communities, advice was sought on the mix of public and private housing, and the capital program for new housing fully reflects this important advice.

Community involvement in direct delivery of the Corporation's homeownership and repair programs is increasing. The direct involvement and control by local groups in the delivery of housing has been very successful. In addition, direct delivery of labour funding has been accomplished by many local bands and Housing Associations as well as by the Mackenzie Regional Council and the Inuvialuit Housing Corporation.

Mr. Speaker, the capital program of the Northwest Territories Housing Corporation is now better suited than ever to the needs of the communities and provides significant support to the territorial economy.

PUBLIC WORKS AND HIGHWAYS

In the past year, over \$108 million was directed to the operation and maintenance functions in Public Works and Highways. Through contracts with the private sector and use of government staff and equipment, government buildings such as offices and schools, and equipment and works such as piped water and sewage systems are operated and maintained. Maintenance of the territorial highway system and the operation of ferries is also carried out largely on a contract basis.

The Department of Public Works and Highways will control expenditures of approximately \$230 million in 1987-88. \$122 million in operation funds have been allocated in the Main Estimates to Public Works and Highways. Capital expenditures for such programs as intra-territorial highway reconstruction, energy conservation measures, such as waste heat recovery systems, and other priority programs have been set at \$16.5 million.

In addition, Public Works and Highways is responsible for the design and construction of capital projects funded in the Main Estimates of other government departments. The approximate value of this work managed by Public Works and Highways will be \$90.0 million in 1987-88. A further amount of \$2.3 million will be expended by this Department on new highway construction and \$4 million on highway reconstruction projects on behalf of the federal government.

Public Works and Highways is also highly involved in developing new approaches to increase the level of work carried out in the Northwest Territories by northerners. For example, the Department implements capital construction projects each year using contract tenders designed to maximize northern contractor and supplier involvement. In other cases, the Department uses special methods of construction management and supervision to maximize local employment opportunities.

By such actions and others, the Department has been able to increase the proportionate level of its expenditures which remain in the north.

ECONOMIC DEVELOPMENT INITIATIVES

Mr. Speaker, our government's economic development initiatives have significantly increased over the past few years and we have now put in place an impressive number of effective measures in support of private sector development. These policy initiatives are helping foster the longer-term development of our economy.

The Minister of Economic Development and Tourism is near to reaching agreement on a three-year renewal of the Economic Development Agreement with the federal government. Six subsidiary agreements are proposed. These are Small Business Development, Applied Economic Planning, Mineral Development, Arts and Crafts, Tourism and Renewable Resources. These programs constitute an important component of a strategy for support to the private sector in the medium-term development of the economy of the Northwest Territories.

On the tourism front, the budget of the Department of Economic Development and Tourism contains \$1.5 million to improve the inter-

national and national awareness of the Northwest Territories as an exciting and unique travel destination. Capital funds for the construction of Visitor Centres in Iqaluit and Rankin Inlet in the next two fiscal years will also enhance the already developing tourism industry in these regions.

An amount of \$3 million in capital has been identified in 1987-88 for Renewable Resource Business Development which will recapitalize the fisheries and resource harvesting industries in the Northwest Territories. This injection of capital will help strengthen the base of the industry and create much needed jobs and income in more remote communities. Combined with the \$400,000 in Renewable Resource Contributions, these initiatives will help to offset some of the existing difficulties faced by renewable resource operators.

Support to arts and crafts is enhanced by \$245,000. Greater funding for the development of the Dene arts and crafts will bring support to this segment of the industry. Funding will be more in line with what has been made available to the Inuit and other producers in the north. It will provide further diversification for this industry.

REVENUE AND TAXATION

Mr. Speaker, today's Budget contains no tax increases. Despite a budgeted growth of 11% in expenditures over expected 1986-87 levels and of 16% over 1986-87 Main Estimates, the Executive Council decided not to increase taxes next year. We will incur a budgetary deficit.

One of the key reasons for this decision is our responsibility to help sustain the economy in the current difficult times. Increased taxes reduce businesses' net income and ability to expand; they reduce individuals' take-home pay and ability to purchase goods and services from our local businesses; they reduce the attractiveness of doing business and expanding in one province or territory relative to the rest of Canada. Increasing taxes by an amount equivalent to the Budget's proposed increase in expenditures would have partly cancelled out the favourable stimulative effect of our fiscal strategy. The Executive Council, therefore, decided to use our surplus and accumulate a deficit of \$8.8 million.

Mr. Speaker, I wish to repeat today what I stated in my Budget Address of last year: expenditure growth cannot outstrip revenue growth for any extended period of time. Incurring repeated deficits and accumulating debt would be an indication that we have built an expenditure base which the Northwest Territories cannot afford, that the citizens have

chosen to place the burden of today's expenditures on the shoulders of tomorrow's taxpayers. It must also be recognized that deficits tend to feed on themselves. Programs are difficult to cut once introduced, high capital expenditures require higher operation and maintenance in future years and, if debt accumulates, future costs must be incurred to service that debt. There can rapidly come a time when control over the deficit is lost. The \$55 million deficit projected for 1987-88 represents 7% of total expenditure, a trend which, if unchecked, could create precisely the mounting debt load that I have just described. In the future, revenues will have to increase or expenditures will have to be scaled down.

For the next fiscal year, however, our high expenditure increase can be met without increases in taxes for two reasons. First, past prudent fiscal management allowed us to accumulate a surplus which at the beginning of the next fiscal year is estimated to be \$50 million. This amount was intended to give our government room to manoeuvre in addressing future special situations and special needs: it was a surplus being kept for a rainy day.

Mr. Speaker, the economic downturn constitutes such a rainy day and the time has come to reap the benefits of past restraint. Secondly, since the Formula Financing Agreement was first put in place in 1985-86, the federal grant has been growing at a rate which reflects our provincial-like responsibilities, thereby allowing us to meet a significant proportion of our expenditure growth. As a result, despite poor own-source revenue growth attributable to weak economic performance, we will be able to finance most of next year's deficit without increasing taxes. The estimated accumulated deficit for next year will be financed internally. We will not have to borrow.

Among other reasons why tax increases were considered inappropriate at this time is the considerable uncertainty over the effect on our tax revenues of the emerging federal proposals for comprehensive tax reform. The Northwest Territories, like most other provincial and territorial governments, has entered into a Tax Collection Agreement with the federal government. This means that the federal government largely determines the tax base through the Canadian Income Tax Act. An in-depth reform of that Act would, therefore, have a direct impact on our tax revenues. Until we know the extent of the reform and until we are able to assess its revenue impact, the Executive Council considered it would be undesirable to proceed with major new tax initiatives.

Finally, it is extremely important to maintain a favourable tax environment in the Northwest Territories. Like other resource-based regions

our economy is very capital-intensive and must attract large pools of capital from outside its boundaries to finance investment. We must still rely on specialized types of labour and expertise not available in the north. Keeping our current favourable tax environment will help us to continue to attract these needed resources.

Mr. Speaker, the Northwest Territories taxation regime compares very favourably with that of other Canadian provinces and the Yukon: we have one of the most stable and favourable tax environments in Canada.

- We have no sales tax whereas sales tax rates range from 5% to 12% in the nine provinces that levy them;
- Our personal income tax rate is the lowest in Canada;
- We have among the lowest tax rates on fuel;
- We impose no capital tax on our corporations;
- Our corporation income tax rate compares favourably with that of other jurisdictions.

Possibly more important than our favourable tax regime is the fact that our government has abstained from tinkering with the tax system, thereby maintaining the most stable tax environment in the country.

Furthermore, higher costs of living for individuals in the north and proportionately higher incomes lead to higher tax burdens for residents. Similarly businesses face higher overall input costs. As a government, we must be aware of the potential negative impacts of substantially increasing tax burdens.

SUMMARY FISCAL OUTLOOK

Mr. Speaker, the Budget I am presenting today projects total expenditures of \$790 million of which \$166 million are directed to capital expenditures and \$624 million to operations and maintenance. Expenditures on Third Party Programs, which are entirely recovered from third parties, are expected to slightly exceed \$36 million, bringing the total to \$826 million.

Revenues are anticipated to total \$721 million, with \$520 million or 72% coming from the federal government under the Formula Financing Agreement. After adjustments of \$6 million for estimated supplement-

ary requirements and \$19 million for estimated appropriation lapses this will leave a budgetary shortfall of approximately \$55 million.

The largest part of the deficit will be financed by drawing down our accumulated surplus. After allowance for expected 1986-87 supplementary estimates, our accumulated deficit will total approximately \$16 million by fiscal 1987-88 year-end. Recognizing the timing of our cash-flows, it is not anticipated that the government will be required to borrow. Our accumulated surplus will therefore allow us to remain virtually debt free next year.

CONCLUSION

Mr. Speaker, the Executive Council is confident that this Budget constitutes an effective fiscal strategy to respond to the current difficult economic situation and to the ongoing pressing need for improved basic public services and infrastructure. I also believe that our financial position allows us to meet next year's significantly higher expenditures without increasing taxes and without jeopardizing our fiscal integrity.

- We have focussed expenditures on essential people services and on development of our infrastructure;
- We have tried to allocate resources among regions in a comparable yet flexible way;
- We have put forward an overall expenditure and revenue plan that will both help sustain short-term economic performance and improve our long-term economic opportunities.

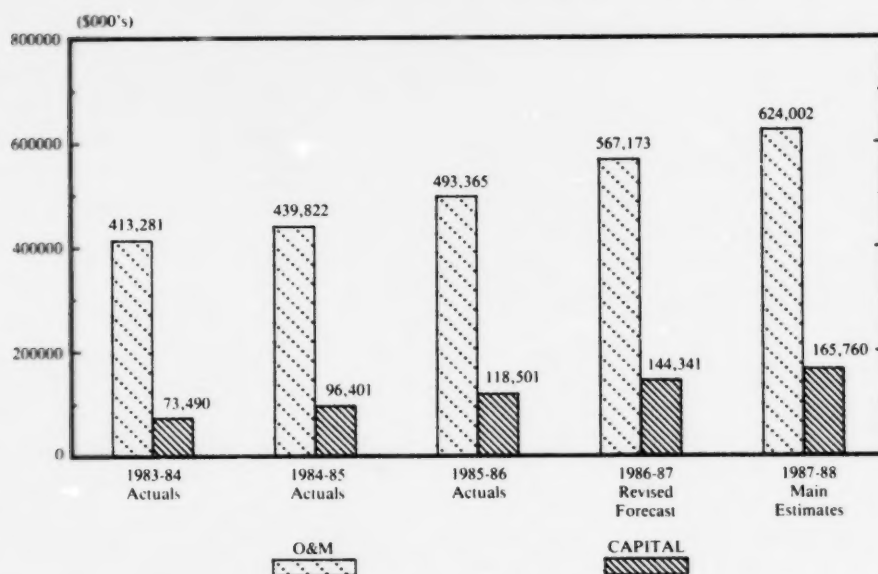
Mr. Speaker, the Executive Council believes that this Budget presents a sound financial strategy. It balances the need for economic stimulus with the need for essential people services. It balances the need for the enhancement of long-term economic opportunities for our population with the need for expenditure programs that are responsive to the unique social and cultural conditions of the north. It balances the need for equitable treatment of regions with the need to help those areas more severely affected by the economic downturn. It is an important part of the government's overall economic and social development strategy.

APPENDIX A
GOVERNMENT OF THE NORTHWEST TERRITORIES
EXPENDITURES



Total operations and maintenance (O&M) and capital expenditures by the Government of the Northwest Territories are estimated to be \$789,762,000 in 1987-88, an increase of 11.0% over the revised forecast for 1986-87. O&M expenditures are estimated at \$624,002,000 and capital at \$165,760,000. This represents increases for O&M and capital of 10.0% and 14.8% respectively over 1986-87 levels. (1986-87 figures are based on revised estimates, which include supplementary estimates approved prior to December 31, 1986.) Figure A1 illustrates the levels of O&M and capital expenditures over a five year period.

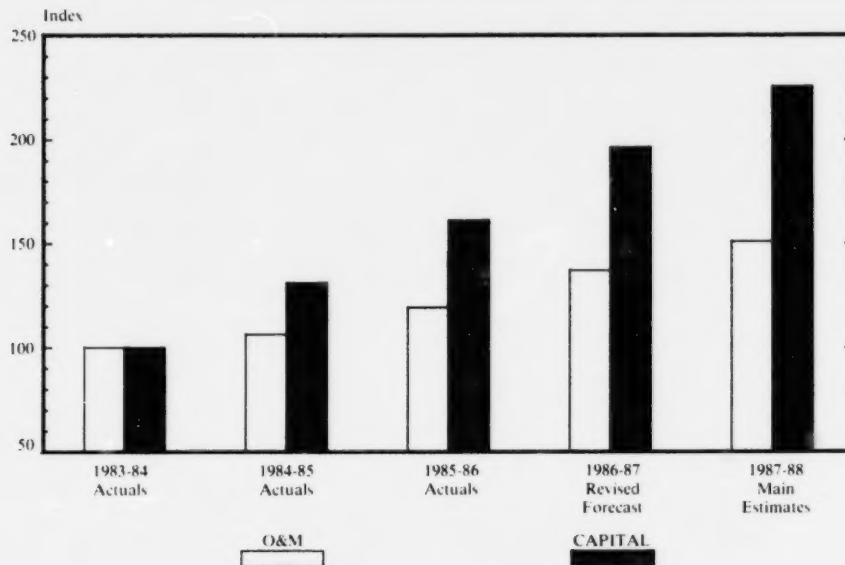
FIGURE A1
FIVE YEAR EXPENDITURE COMPARISON
O&M AND CAPITAL



Total expenditures, excluding projects undertaken on behalf of third parties, have increased at an average rate of 12.9% a year since 1983-84. O&M expenditure increases have averaged 10.8% and capital expenditures 22.5%. The rate of growth has accelerated over the past two years. Since 1985-86 expenditures have grown at an average rate of 13.6%, O&M at an average rate of 12.5% and capital at an average rate of 18.3%.

Figure A2 shows the relative growth in both O&M and capital expenditures since 1983-84 using an index where 1983-84 levels are 100. O&M expenditure levels are 51.0% higher than in 1983-84, while capital expenditure levels are 125.6% higher.

FIGURE A2
FIVE YEAR EXPENDITURE COMPARISON
O&M AND CAPITAL — RELATIVE GROWTH



Capital expenditures as a proportion of total expenditures (excluding third party projects) have increased from 15.1% to 21.0% since 1983-84, reflecting the government's priority of providing NWT residents with needed infrastructure.

Projects on behalf of third parties have increased from \$23,314,000 in 1983-84 to an estimated \$36,374,000 in 1987-88, an average annual increase of 11.8%.

The most significant rates of increase in total O&M and capital expenditures between 1986-87 and 1987-88 include Education (25.1%), Economic Development and Tourism (21.5%), and Municipal and Community Affairs (18.1%).

TABLE A1
FIVE YEAR EXPENDITURE SUMMARY BY PROGRAM
1983-84 TO 1987-88
(\$000's)

Program	1983-84 Actuals	1984-85 Actuals	1985-86 Actuals	1986-87 Revised Forecast	1987-88 Main Estimates
Legislative Assembly	3,264	3,800	4,012	4,725	5,391
Executive	10,117	11,076	11,686	13,516	13,703
NWT Housing Corporation	46,029	47,049	57,406	64,495	67,846
Financial Management Secretariat	917	1,062	1,281	1,368	1,465
Finance	8,852	8,179	6,879	8,602	9,305
Culture & Communications	5,235	9,116	6,193	7,431	8,108
Equal Employment Directorate			358	884	1,116
Personnel	16,291	13,326	20,454	24,439	24,521
Justice	23,143	25,679	26,967	29,985	33,479
Government Services	17,650	16,962	20,099	22,519	23,572
Public Works & Highways	90,289	99,743	105,817	125,389	138,270
Renewable Resources	10,872	11,011	13,481	15,826	16,301
Municipal & Community Affairs	55,132	63,337	77,602	81,717	96,495
Health	57,566	60,853	70,444	100,650	100,747
Social Services	32,178	39,320	46,243	56,922	59,046
Economic Development & Tourism	15,209	18,633	25,476	28,198	34,251
Education	94,027	107,077	117,468	124,848	156,146
Total O&M and Capital Projects on Behalf of Third Parties	\$486,771 23,313	\$536,223 23,633	\$611,866 29,961	\$711,514 34,498	\$789,762 36,374
Total Expenditures	\$510,084	\$559,856	\$641,827	\$746,012	\$826,136

Source: 1987-88 Main Estimates
1983-84 and 1984-85 Territorial Accounts (Restated)

Over half (55.4%) of total expenditures are made in four program areas: Education, Public Works and Highways, Health and the contribution to the NWT Housing Corporation. This proportion has changed little since 1983-84 (56.4%). Figure A3 shows the allocation of O&M and capital expenditures among major functions.

FIGURE A3
FIVE YEAR EXPENDITURE COMPARISON
MAJOR EXPENDITURE FUNCTIONS

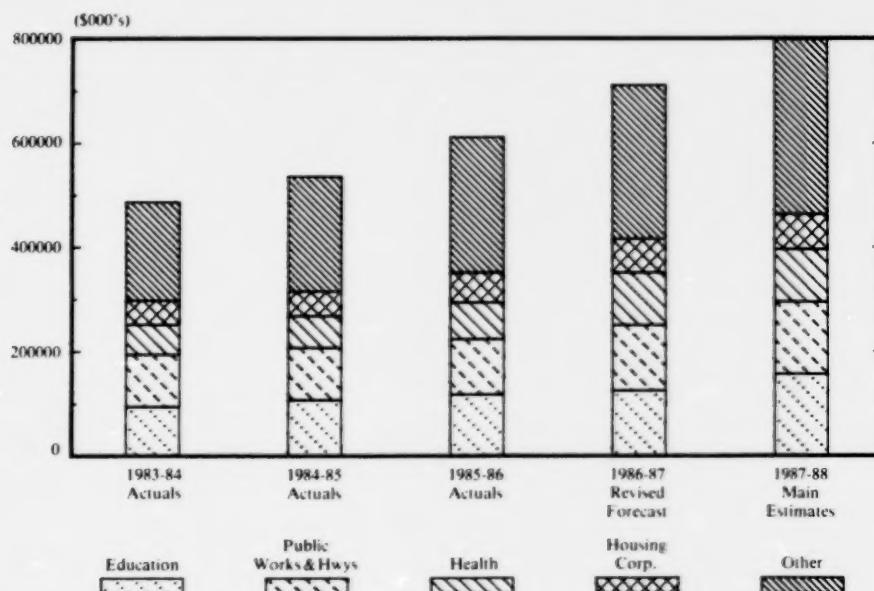
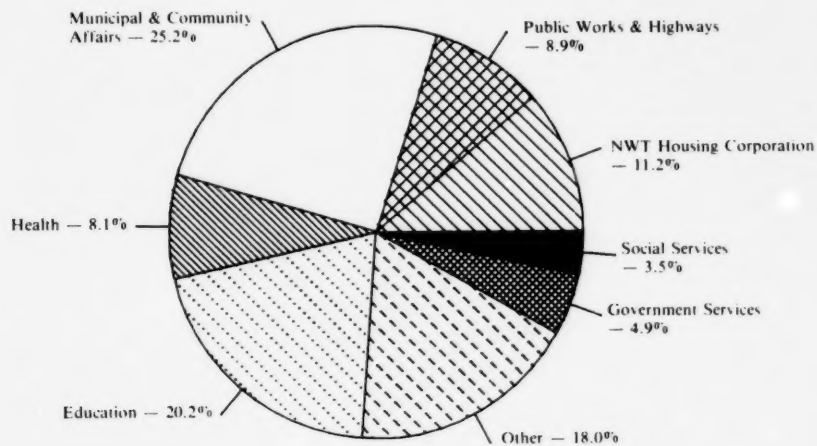


Figure A4 illustrates the allocation of capital expenditures in the 1987-88 Main Estimates. Almost 70% is devoted to providing needed people services and infrastructure in the areas of education, local municipal services, health, recreation and social services.

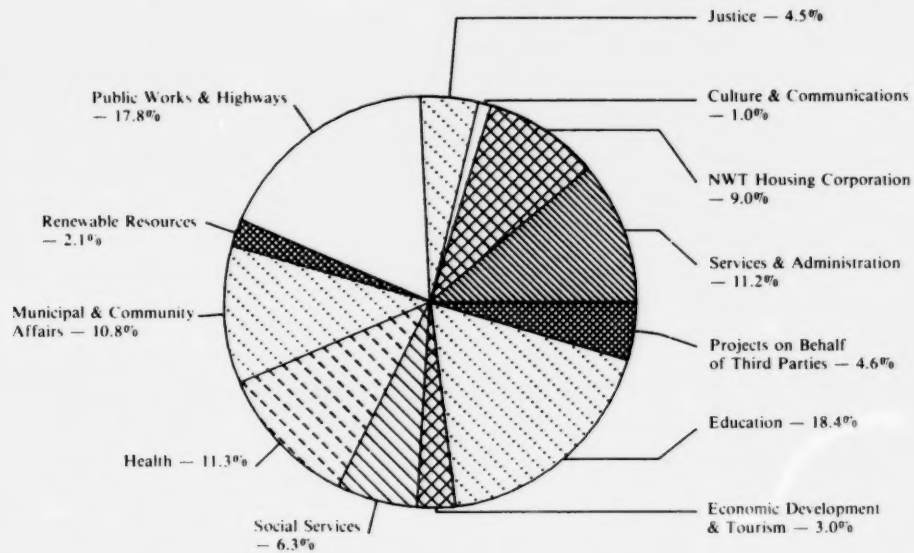
Figures A5 and A6 compare the breakdown of GNWT total expenditures by program area between 1983-84 and 1987-88. These figures show that the proportional allocation of expenditures has not changed significantly in any program area. However, the proportion spent on services and administration has declined from 11.2% to 9.5%.

FIGURE A4
CAPITAL EXPENDITURES 1987-88
MAJOR EXPENDITURE FUNCTIONS



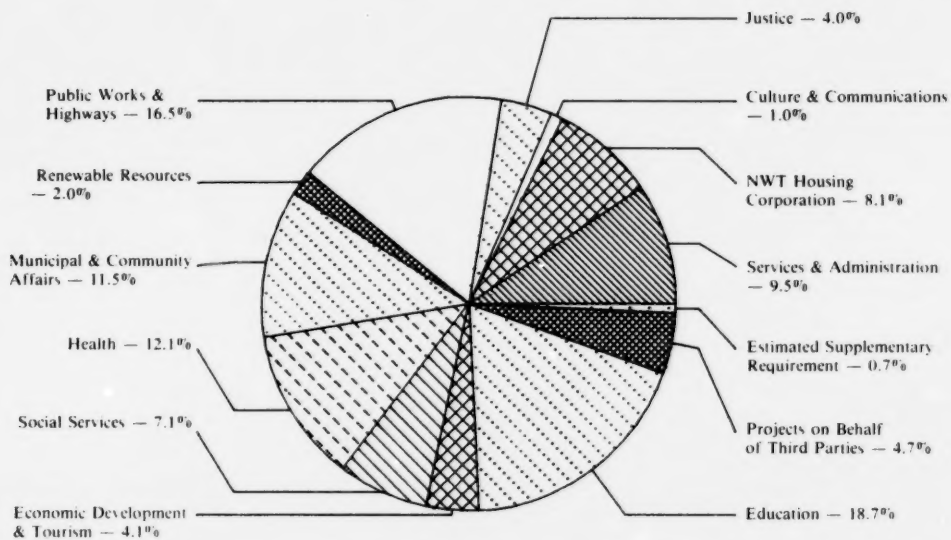
Source: 1987-88 Main Estimates

FIGURE A5
TOTAL EXPENDITURES — 1983-84
PERCENTAGE ALLOCATION BY DEPARTMENT



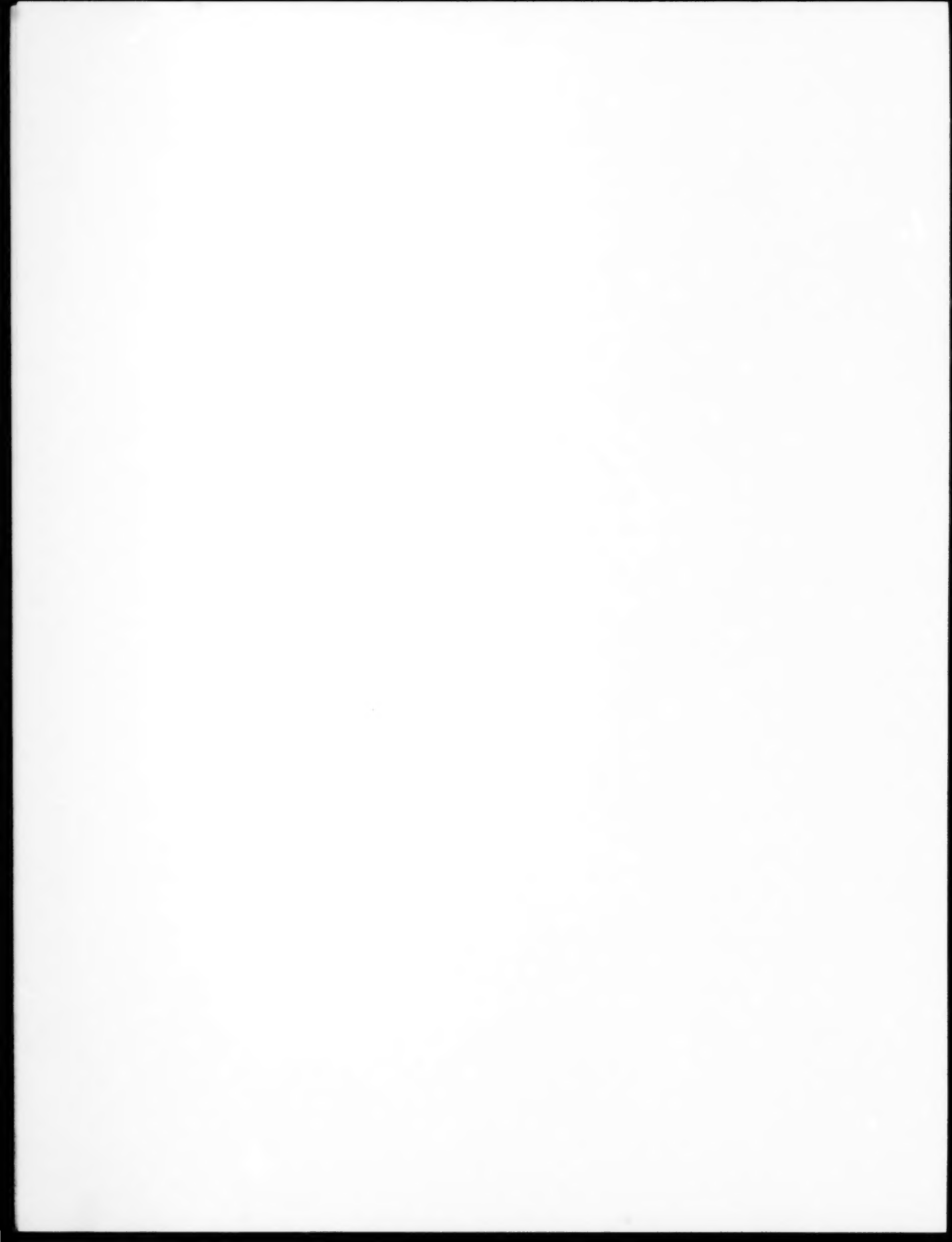
Source: 1983-84 Territorial Accounts

FIGURE A6
TOTAL EXPENDITURES — 1987-88
PERCENTAGE ALLOCATION BY DEPARTMENT



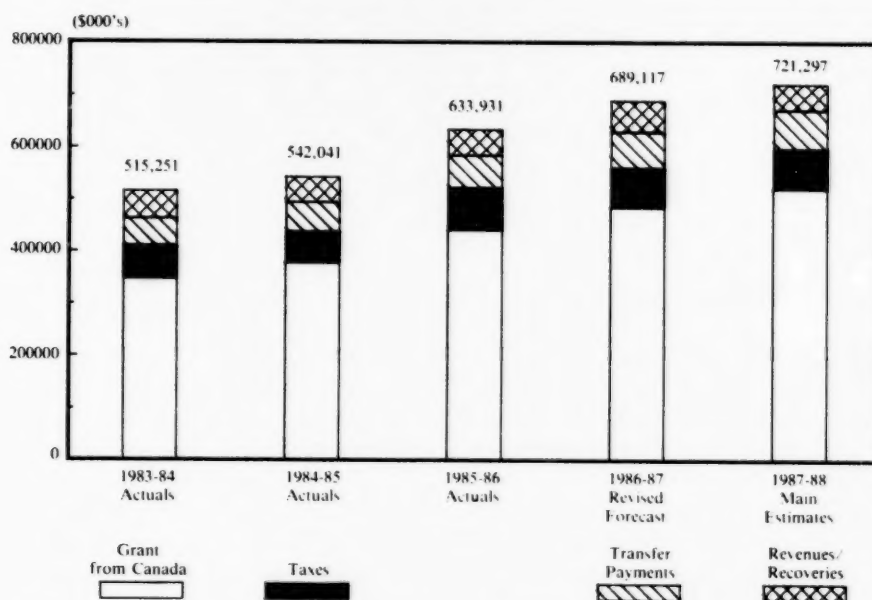
Source: 1987-88 Main Estimates

APPENDIX B
GOVERNMENT OF THE NORTHWEST TERRITORIES
REVENUES



Total government revenues are projected to reach \$721,297,000 in the 1987-88 fiscal year, an increase of 4.7% over the revised forecast for 1986-87. Because of the economic slowdown, it is expected that taxation revenues will increase only slightly by \$212,000, or 0.3%. The grant from Canada is forecast to increase by \$36,305,000, or 7.5%, while other federal transfers are expected to increase by 8.3%, or \$5,687,000. Figure B1 illustrates the levels of revenues over the five year period from 1983-84 through 1987-88.

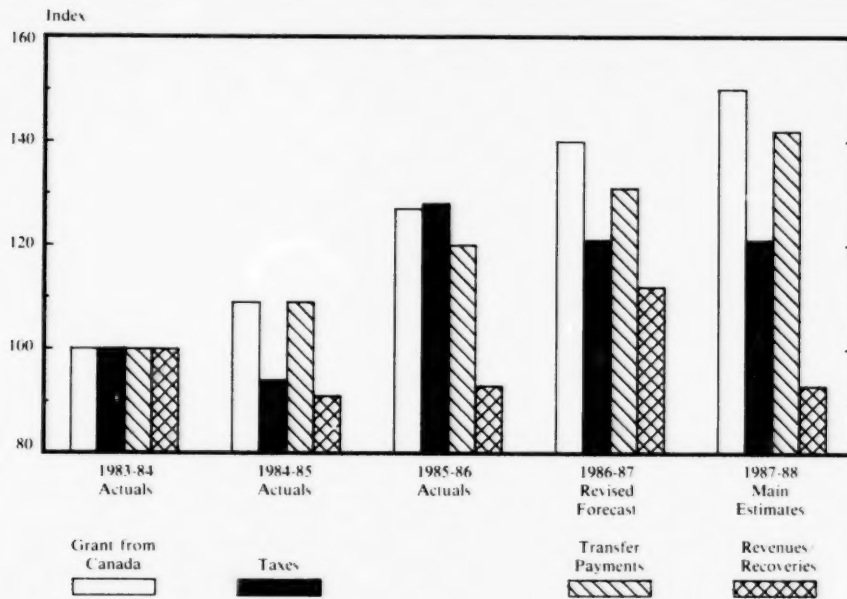
FIGURE B1
FIVE YEAR REVENUE COMPARISON
MAJOR REVENUE SOURCES



Source: 1987-88 Main Estimates; 1984-85 Territorial Accounts

Total revenues have increased by an average of 8.8% a year since 1983-84. Figure B2 shows the relative growth of four main revenue classifications since 1983-84 using an index where 1983-84 levels are 100. The grant from Canada has increased at an average rate of 10.7% annually over this period, while tax revenues have increased by only 4.9% on average. The rate of increase in the grant from Canada has been significantly higher since the Formula Financing Agreement was put in place in 1985-86, a reflection of the province-like responsibilities of our government under this agreement.

FIGURE B2
REVENUE GROWTH
1983-84 TO 1987-88

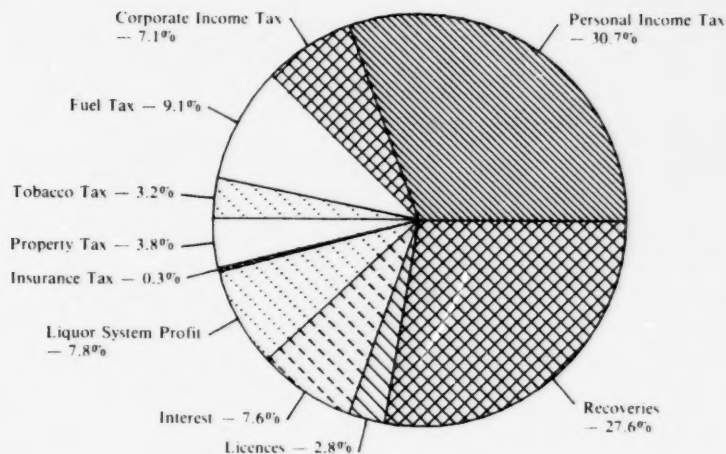


Source: 1987-88 Main Estimates; 1984-85 Territorial Accounts

Figures B3 and B4, on the following page, compare the breakdown of the Northwest Territories government's self-generated revenues for the 1983-84 and 1987-88 fiscal years. Table B1 shows revenues from all sources over the five year period. Although income taxes in 1987-88 are expected to be a more important revenue source than in 1983-84, income tax revenue has been declining since the 1985-86 fiscal year. Income tax collections tend to be very volatile due to large adjustments for prior years' collections made under our Tax Collection Agreement. Tax revenues are expected to continue to be depressed in view of the poor economic conditions in the Northwest Territories.

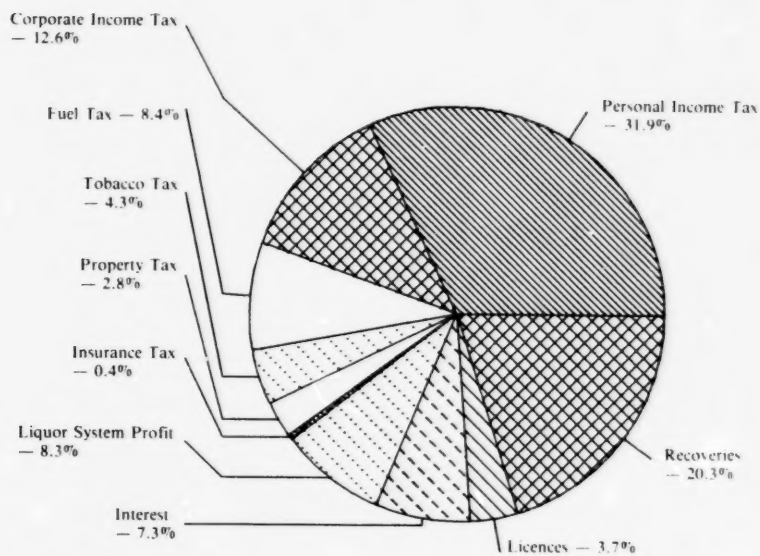
Table B2 compares taxes in the Northwest Territories with taxes in the provinces and Yukon. As the table illustrates, taxes in the Northwest Territories are lower than in most, if not all, of the provinces.

FIGURE B3
OWN SOURCE REVENUES 1983-84
PERCENTAGE BY SOURCE



Source: 1983-84 Territorial Accounts

FIGURE B4
OWN SOURCE REVENUES 1987-88
PERCENTAGE BY SOURCE



Source: 1987/88 Main Estimates

TABLE B1
FIVE YEAR REVENUE SUMMARY BY SOURCE
1983-84 TO 1987-88
(\$000's)

	1983-84 Actuals	1984-85 Actuals	1985-86 Actuals	1986-87 Revised Forecast	1987-88 Main Estimates
Grant from Canada	346,408	377,094	440,455	484,148	520,453
Taxation Revenue					
Personal Income Tax	35,652	31,624	43,955	42,813	40,351
Corporate Income Tax	8,333	10,061	18,150	11,450	15,945
Fuel Taxes	10,629	10,614	11,002	12,302	10,585
Tobacco Taxes	3,705	3,477	4,426	5,288	5,454
Property and School Taxes	4,485	3,109	2,945	3,970	3,600
Insurance Taxes	365	404	548	425	525
	63,169	59,289	81,026	76,248	76,460
General Revenues					
Liquor Control System	9,124	9,291	10,075	10,065	10,472
Interest Income	8,878	9,685	9,291	10,718	9,282
Licences, Fees and Permits	3,309	3,346	4,146	4,407	4,643
Other	479	1,557			
	21,790	23,879	23,512	25,190	24,397
Established Programs Financing	13,827	17,455	14,573	18,431	19,056
Other Transfer Payments	38,322	39,383	48,114	50,260	55,322
	31,735	24,941	26,251	34,840	25,609
Total Recoveries					
Total Revenues	\$515,251	\$542,041	\$633,931	\$689,117	\$721,297
Projects on Behalf of Third Parties	23,314	23,633	26,961	34,498	36,374
Total	\$538,565	\$565,674	\$660,892	\$723,615	\$757,671

Source: 1987-88 Main Estimates
1983-84 and 1984-85 Territorial Accounts (Restated)

TABLE B2
MAJOR PROVINCIAL AND TERRITORIAL TAX RATES
AS OF JANUARY 7, 1987

Province/Territory	Personal Income Tax (%)	Retail Sales Tax (%)	Gasoline (cents/litre)	Fuel Taxes Diesel (cents/litre)	Cigarettes (\$/ctn)	Tobacco Taxes Tobacco (\$/gram)	Health Care Premiums (\$)	Corporate Income Taxes (%) Small Large	Capital Tax (%/kg)
British Columbia	47.5(a)	7	6.14	6.58	7.44	1.6	216/456(f)	8	15
Alberta	43.5	-	-	-	2.96	0.6	168/336(f)	5	11
Saskatchewan	50.0(a/b)	5	-	-	8.16	1.7	-	10	17
Manitoba	54.0(a)	6	8.9	9.2	8.20	1.6	(d)	10	17
Ontario	50.0(a)	7	8.3	9.9	5.66(h)	1.6	357/714(f)	10	15.5
Quebec	(c)	9	13.7	12.5	9.04	2.0	(d)	3	5.9
New Brunswick	58.0	11	7.6	7.8	8.16	1.9	-	9	15
Nova Scotia	56.5	10	9.8	9.7	7.00	1.9	-	10	15
Prince Edward Island	55.0	10	8.6	10.4	7.00	1.3	-	10	15
Newfoundland	60.0	12	9.2	11.7	9.56(h)	1.6	-	10	16
Yukon	45.0	-	4.2	5.2	6.40	1.1	240/330(f)	5	10
Northwest Territories	43.0	-	8.4/5.0(e)	7.1	7.00	-	-	10	10
Canadian Average (i)	50.0	7.1	8.40	8.80	7.47	1.7	168/337	7.5	12.6
NWT Rank (1 = Highest)	12th	10th	6th	8th	7th	12th	7th	1st	8th
Number of Jurisdictions									
With Same Rate as NWT	0	2	0	0	2	0	5	6	1

Source: Department of Finance, GNWT

- No tax levied

(a) These provinces have a surtax on high income taxpayers.

(b) Saskatchewan applies an additional tax of 1% of net income.

(c) Quebec levies a personal income tax directly against net income.

(d) Quebec and Manitoba levy payroll taxes of 3% and 1.5% for health care.

(e) Lower rate for communities not on the highway system.

(f) Rates shown are for individuals and families of three or more.

(g) Rates shown are basic rate/rate for loan and trust companies/rate for banks.

(h) In addition, provincial sales tax of 7% and 12% applies to sales of tobacco in Ontario and Newfoundland.

(i) Average of all provincial and territorial rates, weighted by population.

(j) Rate changes may have occurred since the time of the survey on which this chart is based.



APPENDIX C
THE NORTHWEST TERRITORIES ECONOMY

**TABLE C1
MAIN ECONOMIC INDICATORS
NORTHWEST TERRITORIES**

	1985			1986		
Real Gross Territorial Domestic Product (% change)	0.5	to	2.5 (a)	-12.0	to	-15.0 (a)
Real Investment (% change)	-12.0	to	-15.0 (a)	-32.0	to	-36.0 (a)
Real Personal Expenditures on Goods & Services (% change)	4.5	to	6.5 (a)	-0.5	to	-1.5 (a)
Retail Sales (% change)	12.1			2.0	to	3.0 (a)
Yellowknife Consumer Price Index (% change)	4.5			5.0		
Average Weekly Earnings (% change)	1.3			1.0	to	2.0 (a)
(level)	\$572			\$577	to	\$583 (a)
Population (% change)	1.1			0.7		
(level)	51,012			51,384		
Employment (% change)	3.7			-0.5	to	0.5 (a)
(level)	18,266			18,175	to	18,360 (a)

(a) GNWT Department of Finance forecast

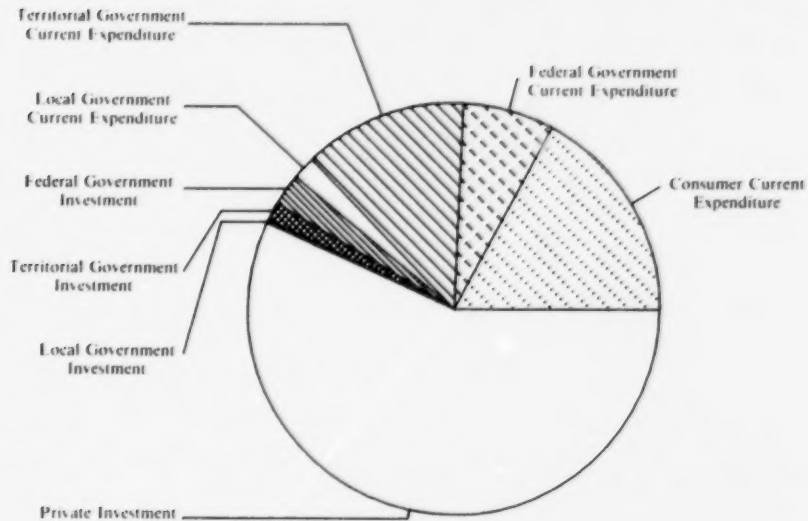
Sources: Statistics Canada and GNWT Bureau of Statistics

**TABLE C2
TOTAL EXPENDITURES
IN THE NORTHWEST TERRITORIES, 1984**

Expenditure	Level (\$000's)		Percent of Total	
Personal Expenditure on Consumer Goods and Services	455,013		17.1	
Government Current Expenditure on Goods and Services				
Federal	190,556		7.2	
Territorial	340,394		12.8	
Local	48,703	579,653	1.8	21.8
Investment Expenditure				
Government				
Federal	66,359		2.5	
Territorial	38,400		1.4	
Local	7,000	111,759	0.3	4.2
Private Sector	1,506,938	1,618,697	56.7	60.9
Total Expenditure	2,656,520		100.0	

Source: Statistics Canada

FIGURE C1
TOTAL EXPENDITURES
IN THE NORTHWEST TERRITORIES, 1984
DISAGGREGATED BY SECTOR



Total Expenditures: \$2,656.52 million

